

Message Text

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E.O. 11652: XGDS-2
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SUBJ: NARCOTICS: BURMESE EFFORTS AGAINST TRAFFICKERS

REF: RANGOON 3361 DATED DECEMBER 3, 1974

SUMMARY:

DEVELOPMENTS IN THE PAST FEW MONTHS HAVE NOT CONFIRMED EARLIER SUSPICIONS THAT GUB APPEARED WILLING TO OVERLOOK NARCOTICS TRAFFICKING OF CERTAIN BURMA-BASED ORGANIZATION IN EXCHANGE FOR AID AGAINST BURMA COMMUNIST PARTY (BCP) INCURSIONS (REFTEL). ON THE CONTRARY, EVIDENCE EXISTS THAT THE BURMA HAS EXERTED AS MUCH, IF NOT MORE, PRESSURE ON TRAFFICKERS/INSURGENTS IN THE PAST FEW MONTHS AS BEFORE. INTELLIGENCE INDICATES CONTINUED INTERDICTIONARY EFFORTS AGAINST THE MAJOR TRAFFICKING ORGANIZATIONS, WHICH REMAIN THE CHINESE IRREGULAR FORCES (CIF), KACHIN INDEPENDENCE ARMY (KIA), AND THE SHAN UNITED ARMY (SUA). OTHER MINOR INSURGENT/TRAFFICKER GROUPS, SUCH AS THE SHAN STATE ARMY (SSA) AND LO HSING-HAN REMNANTS, ARE ENGAGING IN NARCOTICS-RELATED TERRITORIAL FIGHTING

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AMONG THEMSELVES. END SUMMARY

2. REPORTS AND RUMORS THAT THE GUB HAD NEGOTIATED WITH SEVERAL INSURGENT/TRAFFICKER ORGANIZATIONS TO PROVIDE BUFFER SECURITY AGAINST BCP AND OTHER MAJOR INSURGENT GROUPS HAVE NOT YET BEEN CONFIRMED BY ANY VISIBLE DEVELOPMENTS. THERE HAVE FOR EXAMPLE, BEEN NO MANIFESTATIONS OF THE ALLEGED BARGAIN WITH AI HSIAO-SHIH, INDEPENDENT NARCOTICS TRAFFICKER WITH A BAND OF HUNDREDS, WHICH REPORTEDLY TOOK PLACE IN SEPTEMBER 1974 AND INCLUDED SUPPORT FOR AI IN RETURN FOR AI'S COOPERATION IN FIGHTING THE BCP. SUPPOSEDLY AI WAS TO GARRISON A POST NEAR TANGYAN IN NORTHERN SHAN STATE AND PROVIDE PROTECTION FOR THAT AREA AGAINST INCREASING BCP INFLUENCE. AI DID NOT, IN FACT, GARRISON TANGYAN OR ANY OTHER POST AND HAS BEEN REPORTED BY SEVERAL SOURCES AS HAVING BEEN IN THE TRI-BORDER AREA IN DECEMBER ORGANIZING FOR THE ONCOMING OPIUM HARVEST. SIMILARLY, AN ALLEGED BARGAIN INVOLVING THE RELEASE OF CHANG CHI-FU, IMPRISONED LEADER OF THE SUA (ALSO KNOWN AS LOI MAW EX-KHAKWEYEI) IN EXCHANGE FOR HIS COOPERATION WITH GUB TO FIGHT THE BCP HAS NOT YET BEEN CONFIRMED BY ANY KNOWN DEVELOPMENT. THE SUA HAS NOT ENGAGED THE BCP, WITH WHOM IT HAS HAD OPIUM-GATHERING AGREEMENTS, NOR HAS CHANG INVOLVED HIMSELF IN ANY KNOWN TRAFFICKING SINCE HIS RELEASE. (THE SUA, HOWEVER, CONTINUES TO TRAFFIC UNDER THE LEADERSHIP OF CHANG CHI-FU'S FORMER DEPUTY AND CURRENT SUA ACTING COMMANDER, CHANG SHU-CH'UAN.) OTHER KNOWN TRAFFICKERS RELEASED IN THE FALL OF 1974 HAVE ALSO NOT ENTERED INTO AGREEMENTS WITH THE GUB AND AT LEAST ONE, HSU CHIA-CHU, REMAINS DORMANT.

3. DENIAL BY GUB OFFICIALS OF COLLUSION WITH TRAFFICKERS (REFTEL) APPEARS TO BE TRUE IN FACE OF THE EVIDENCE OF CHANG'S AND HSU'S INACTIVITY PLUS AI'S CONTINUED TRAFFICKING WITHOUT HAVING ENGAGED THE BCP. EVEN MORE CONVINCING IS GUB'S INTERDICTORY ACTIONS TAKEN AGAINST MAJOR TRAFFICKERS IN PAST FEW MONTHS. THERE ARE RELIABLE INDICATIONS OF SEVERAL SUCCESSFUL INTERDICTIONS AGAINST LARGE CARAVANS HEADING TOWARD BURMA-THAI BORDER REFINERIES. THE KIA, WHICH HAS BEEN ADVOCATING INCREASED POPPY CULTIVATION, SUFFERED SERIOUS LOSSES DURING WHAT APPEARS TO HAVE BEEN A WELL-PLANNED GUB GROUND ASSAULT AGAINST A SIGNIFICANT CARAVAN DURING DECEMBER 1974. EIGHTY PERCENT OF THE MULES WERE EITHER CAPTURED OR SCATTERED, CAUSING LOSSES ESTIMATED AT OVER \$100,000 AT BORDER PRICES FOR MORPHINE BASE, OPIUM AND OTHER CONTRABAND. JUST PREVIOUS TO THIS INCIDENT, BURMA ARMY TROOPS ATTACKED AN SUA CARAVAN IN THE SAME

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VICINITY, CAUSING DISPERSAL AND PREVENTING THE NARCOTICS FROM REACHING BORDER REFINERIES.

4. THE GUB HAS NOT BEEN AS SUCCESSFUL AGAINST THE BCP'S NARCOTICS TRAFFICKING. EVIDENCE CONTINUES TO ACCUMULATE THAT THE BCP, USING ITS MILITARY FRONT LINE AS A BUFFER, IS TRANSPORTING OPIUM TO THE TRI-BORDER AREA AND IS EITHER SELLING IT TO INDEPENDENT BUYERS OR USING BURMESE INSURGENT GROUPS WITH WHICH IT IS ALLIED, SUCH AS

ELEMENTS OF THE SHAN STATE ARMY, TO DISPOSE OF THE NARCOTICS ON THE INTERNATIONAL MARKET. TO INTERDICT THIS TRAFFIC, THE BURMA ARMY MUST FIRST CLOSE OFF THE CHANNEL STRETCHING ALONG BURMA'S NORTHEASTERNMOST BORDER, A MILITARY SOLUTION PRESENTLY BEYOND GUB CAPABILITIES.

5. THERE HAS BEEN ONLY MARGINAL SUCCESS AGAINST THE SINGLE MOST POWERFUL TRAFFICKING ORGANIZATION IN BURMA--THE CIF OR 3RD KUOMINTANG DIVISION. PART OF THE REASON FOR MARGINAL SUCCESS IS THAT THE CIF HAS BEEN TRAFFICKING IN OPIUM NEARLY AS LONG AS THERE HAS BEEN A BURMA ARMY. THE CIF HAS A VAST NETWORK REACHING FROM NORTHERN SHAN STATE TO BASES AND REFINERIES STRETCHED ALONG THE BURMA-THAI BORDER. CIF OPIUM PURCHASING AGENTS EVEN REACHED AS FAR NORTH AS KACHIN STATE DURING THE 1973-74 POPPY HARVEST. RELYING UPON ALLIANCES WITH OTHER TRAFFICKING GROUPS - MOST COMPLY OUT OF FEAR OF RETALIATION BY THE CIF - PLUS A CHAIN OF WELL FORTIFIED POSTS BEGINNING WITH NEWLY-ESTABLISHED MORPHINE REFINERIES IN THE LASHIO-TANGYAN AREAS AND EXTENDING THROUGH MOUNTAIN REDOUBTS IN CENTRAL SHAN STATE TO THE BURMA-THAI BORDER REFINERY BASES, THE CIF HAS PROVED TO BE A MOST FORMIDABLE MECHANISM.

6. THERE HAVE BEEN SOME SUCCESSES AGAINST THE CIF. IN APRIL 1974, BURMA AIR FORCE BOMBED CIF OPIUM STORAGE POINTS AT NA WAWN, SHAN STATE, CAUSING THE CIF TO PULL TROOPS FROM OTHER OUTPOSTS TO PROTECT WHAT MAY HAVE BEEN THE LARGEST OPERATING REFINERY IN BURMA SINCE THE SHUTDOWN OF THE TACHILEK REFINERIES IN 1973. SEVERAL MINOR SUCCESSES AT INTERDICTING CIF CARAVANS IN EARLY 1974 CAUSED TEMPORARY REDUCTIONS IN CIF TRAFFICKING. BY AND LARGE, HOWEVER, THE CIF HAS BEEN ABLE TO KEEP AHEAD OF THE BURMA ARMY BY CONTINGENCY PLANNING, E.G. HAVING ALTERNATE BASES READILY AVAILABLE FOR OPERATIONS SHOULD ANOTHER BE ENDANGERED, BY PRUDENT REDUCTION IN TRAFFICKING IN FACE OF ANY THREAT, AND BY CONDUCTING ITS MAJOR OPERATIONS/REFINERIES IN AREAS WHERE THE BURMA ARMY EXERCISES

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LITTLE OR NO CONTROL, E.G. THE BURMA-THAI BORDER AREA SOUTH OF THE SALWEEN RIVER AND NORTH OF MAE HONG SON AND CHIANG DAO, THAILAND. THE OTHER ELEMENT OF THE CIF, THE 5TH KMT DIVISION, ENTERS INTO NARCOTICS PRIMARILY IN THE FORM OF SENIOR OFFICERS INVESTING IN AND PROVIDING PROTECTION FOR BORDER REFINERIES, BUT NOT ON THE SCALE OF THE 3RD DIVISION. SENIOR GUB OFFICIALS HAVE OFTEN COMMENTED THAT "LAO LI'S" (GENERAL LI WEN-HUAN) KMT EXERCISES MORE INFLUENCE ON BURMA'S SHAN STATE THAN THE BCP AND MOST CERTAINLY MORE THAN THE MYRIAD SHAN INSURGENT/TRAFFICKING BANDS.

7. NEW ALIGNMENTS AMONG TRAFFICKING ORGANIZATIONS (REFTEL) HAVE ALTERED SOMEWHAT IN THE PAST MONTH, BUT STILL AFFECT NARCOTICS PATTERNS IN BURMA. THE SHAN STATE ARMY IS ENGAGED IN HOSTILITIES WITH LO HSING-HAN REMNANTS OVER OPIUM PURCHASING RIGHTS, CONTROL OF REFINERIES, AND OTHER NARCOTICS-RELATED PROBLEMS. LO'S GROUP

IS SEEKING HELP FROM LI WEN-HUAN'S CIF. BURMA ARMY HAS BEEN TAKING ADVANTAGE OF THE SPLIT, BY ATTACKING BOTH GROUPS. IN THE MEANTIME, THE SHAN UNITED ARMY OF LOI MAW EX-KKY IS CONSIDERING CONTESTING THE CIF FOR OPIUM TRAFFICKING SUPREMACY IN CENTRAL SHAN STATE, WHILE THE KIA AND SSA, SUFFERING FROM MUTUAL DISTRUST, ARE CASTING ASIDE AGREEMENTS REACHED ONLY A FEW MONTHS AGO. EACH OF THE GROUPS IS SEARCHING FOR ALLIES, A DEVELOPMENT WHICH MAY RESULT IN A REALIGNMENT BENEFICIAL MORE TO THE GUB THAN TO THE QUARRELING INSURGENT/TRAFFICKERS.

8. MISSION ASSESSMENT AT THIS TIME IS THAT THE GUB CONTINUES TO DEVOTE MANPOWER AND RESOURCES TO INTERDICTION EFFORTS AGAINST THE MAJOR TRAFFICKERS, ESPECIALLY THE KIA AND TO A LESSER EXTENT THE SUA AND CIF. AT THE SAME TIME, THE BURMA ARMY IS HOLDING ITS OWN AGAINST THE BCP IN NORTHEAST BURMA. THE EXTENT TO WHICH THIS MOMENTUM CAN BE SUSTAINED DEPENDS UPON SEVERAL FACTORS, INCLUDING THE INABILITY OF TRAFFICKERS TO UNITE THEMSELVES, GUB MAINTENANCE OF LOGISTICAL SUPPORT TO WITHSTAND FURTHER INCURSION, AND CONTINUED DETERMINATION TO PURSUE TRAFFICKERS. AS BEFORE, MISSION WILL OBSERVE GUB'S EFFORTS CLOSELY AND REPORT SIGNIFICANT DEVELOPMENTS.

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